Massachusetts governor’s panel calls for attacks on transit workers, privatization

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On April 8, the Massachusetts Governor’s Special Panel to Review the Massachusetts Bay Transportation Authority (MBTA), appointed by Governor Charlie Baker after this winter’s systemic failures, released a report titled “Back on Track: An Action Plan to Transform the MBTA.” The *Boston Globe* and *Boston Herald* were given access to the report prior to its release, and promptly repeated its allegations that absenteeism and the abuse of leave policies by MBTA workers caused much of the crisis.

The lack of adequate capital funding for the maintenance and replacement of the system’s aging buses, subways, trolleys and heavy rail has been documented for more than a decade. The estimated amount needed to bring the whole system back to a “state of good repair” has grown to at least $6.7 billion.

In a state with more than 1,400 millionaires and six of Forbes’ 400 wealthiest people, the government refuses to make available adequate funding for public transportation, a basic social need. Instead, since 2000, it has tried to make workers carry the burden through a regressive sales tax that funds at least one third of the MBTA’s operating budget. The Action Plan also calls for fare increases after determining that MBTA fares are lower than those of New York’s MTA, Chicago’s CTA, and Washington DC’s WMATA.

February was the snowiest month on record in eastern Massachusetts, and the weather triggered a system-wide public transportation crisis. By February 17, more than half of the subway cars on the Orange and Green Lines were out of service, and on some commuter rail lines fewer than 20 percent of trains were running on time. Full service on the commuter rail, which carries more than 100,000 people on a typical weekday and connects outlying cities with Boston, was not restored until March 30.

The whole system was shut down more than once during the crisis. Above-ground sections of the Red Line and Orange Line remained shut for weeks, requiring workers coming into Boston to wait for shuttle buses, at times for hours.

During the storms, MBTA workers, like others throughout the region, were unable to get to work because of unplowed streets, traffic jams, damage to their homes, and to care for children who were kept home from school for days at a time.

However, Baker’s Special Panel, which hired McKinsey & Company to compare the MBTA with systems in other US cities, goes out of its way to blame the crisis on MBTA workers. It complains that “including vacation days, MBTA employees miss an average of 57 working days per year” and that 30 percent of MBTA workers are certified to take intermittent leave under the federal Family and Medical Leave Act. What the Panel fails to mention is that FMLA leave is usually unpaid, and its use by MBTA workers shows the stressfulness of their occupations.

Many subway trains failed in the snow because they are fitted with older direct current motors—a fact that has been widely reported, but not in the panel’s Action Plan. MBTA management has now admitted that it did not stock appropriate chemicals for de-icing the subways’ third rails, and during the crisis, it had to borrow equipment from New York for clearing outdoor tracks.

The panel’s attacks on workers are no accident. One of its two co-chairs, Katherine Lapp, was the executive director of New York’s MTA from 2002 to 2006, under billionaire Mayor Michael Bloomberg. Lapp, now the executive vice president of Harvard University, ran the MTA during a 2005 struggle during which Bloomberg called 34,000 striking workers “greedy” and “thugs”, and the city sought $25,000-a-day fines against each striker. The struggle was provoked by the MTA’s attempt to raise retirement ages. The *World Socialist Web Site* reported at

the time on MTA workers' shortened life expectancy from such hazards as steel dust.

Baker, a Republican who is new to office, will use this winter's crisis as an excuse for attacks on MBTA pensions and retiree health insurance. His Special Panel cites MBTA estimates of more than $800 million in unfunded pension liabilities and a liability of $1.8 billion for Other Post-Employment Benefits. The panel then calls for the appointment of a Fiscal & Management Control Board and Chief Administrator to replace the existing MBTA governance structure. The Action Plan makes sweeping demands for increased gubernatorial authority, and the Chief Administrator will have a role similar to that of the unelected Emergency Manager who oversaw Detroit's bankruptcy.

This new management will be expected to "partner" with the unions to "reinvent the labor-management and contract relationships." Workers are currently able to hold onto some of their benefits through "evergreen" contract provisions and binding arbitration, but the Special Panel finds even these limited contract provisions to be unacceptable.

It also complains that overtime costs increased from $37 million in fiscal year 2013 to $45 million in fiscal year 2015. But a recent *Boston Globe* analysis determined that the average hourly wage of an MBTA employee is only $29.19, or about $60,000 per year. This amount does not go far in one of the most expensive parts of the country and pales in comparison to the $300,000 Lapp earned as Executive Director of the MTA.

According to the MBTA's preliminary budget for fiscal year 2016, total wages will be slightly more than $500 million. Its yearly cost for debt service on bonds is approximately $424 million; bond brokers are unlikely to see any cuts in their take.

The Action Plan also calls for increased privatization and "public-private partnerships." While hiding this demand behind jargon—recommending that the "MBTA review other transit systems' public-private partnerships, reduce barriers to partnerships, and prudently pursue them to the greatest extent possible"—two of the panel members have long experience in privatization.

Jose Gomez-Ibanez, a professor of urban planning and public policy at Harvard, was co-author of a 1993 book titled *Going Private: The International Experience with Transportation Privatization*. Jane Garvey, who now has lecturer and research scientist appointments at MIT, focused on transportation as a part of Obama's 2008 presidential transition team. She is also a former "Head of US public-private partnerships advisory group in transportation" at JPMorgan Chase.

The Action Plan does not explicitly call for privatization of the MBTA—instead demanding that the governor be given more direct control of it—but does take issue with state laws that limit the use of private companies for work that could be done by state employees. Specifically, the Special Panel wants fewer limits on contracts for procurement and maintenance of equipment.

According to recent reports in the *Boston Globe*, such "partnerships" haven't been working well. For example, the MBTA bought 40 new commuter rail locomotives from Hyundai Rotem, part of the Hyundai motor group, at a cost of $222 million. Before they were even delivered, all 40 of the locomotives had to be sent to a repair shop because of faulty traction motor bearings. The MBTA knew of the problem last August but hid it from the public for nearly six months before it was reported by the *Globe*. Similar problems occurred in a previous $190 million purchase of 75 new commuter rail cars from Hyundai Rotem, which were delivered 30 months late with faulty parts.

The MBTA has contracted with the French firm Keolis to run its commuter rail system, which includes a line to Providence, Rhode Island. At the end of February, the *Globe* reported on an outdoor maintenance facility in Pawtucket which had become useless during the snow because MBTA management and Keolis refused to build a shelter over it. *The Globe* reported that "workers have long pushed the Massachusetts Bay Transportation Authority to build a shelter over the facility to protect trains and workers, as well as the pit, from the elements."

Along with calls for increased advertising on subways and buses—some of which are made nearly unrecognizable by wrap-around ads—and a crackdown on fare jumping, the Action Plan makes a strange recommendation that city buses be replaced by vans and jitneys in future "public-private" partnerships. This recommendation likely came from Bridj, a private company that promises to use Facebook, LinkedIn, census and other data to predict where buses are needed instead of using established routes. Fares for this service will be as high as $5 or $6 per ride.